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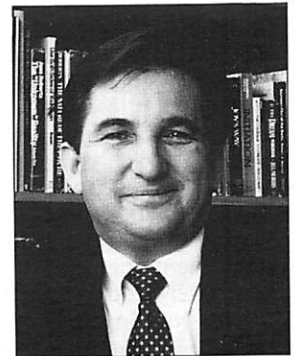
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DEVELOPING WINNING ATTITUDES: TRADERS, TRADING, AND HEMI-SYNC



by Mark Douglas

Mark Douglas is president of Trading Behavior Dynamics, Inc., a Chicago-based consulting firm that works with individual traders, certified trading advisers, banks, and brokerage firms internationally. He has written a best-selling book within the trading community titled The Disciplined Trader: Developing Winning Attitudes, and uses Hemi-Sync as part of a popular workshop for traders.

As a natural outgrowth of my book, which deals with the psychology of trading both the stock and futures markets, I developed an intensive two-day workshop, "How To Become a Disciplined Trader." The workshop focuses on helping traders understand and develop the mental framework (a unique "market mind-set") necessary to interact with the market environment in the most effective ways. It is in the workshops that I use the Hemi-Sync tapes, building them around the *H-PLUS* technology.

The basic premise of the workshop is that there are many common, or culturally learned, beliefs that prevent people from becoming consistently successful as traders. The generally accepted industry statistic is that less than two percent of the people who identify themselves as traders achieve any measure of consistency. The other ninety-eight percent either consistently lose, or they can produce consistent earnings up to some internally imposed limit, after which they unconsciously sabotage their success, lose their earnings, and begin the cycle again.

Consistent success, as opposed to the kind of random winning and losing most traders subject themselves to, is definitely possible. But, it requires very diligent effort on the trader's part to change many of the ways in which he thinks about being wrong and losing money. Regardless of how good someone becomes at analyzing and predicting market behavior, the trader will inevitably be wrong and lose money sometimes. This is an unavoidable fact of trading. However, the typical trader is unwilling to accept this inevitability and, in the process of trying to avoid the inevitable, actually creates the very experiences he fears.

When one considers that all of us have within us a natural propensity to avoid pain, both physically and emotionally, it is easy to see how traders can get themselves into trouble. Among the mass beliefs of our culture is the tacit agreement that losing money and being wrong are intrinsically pain producing. As the trader attempts to avoid those conditions, he will naturally ignore, distort, or rationalize information that indicates he is in a losing trade. Therefore, rather than acknowledging that reality and cutting his losses, he maintains his position until the pain of losing one more dollar is greater than his fear of admitting he is wrong.

Many traders achieve consistent earnings after attending one of my workshops. However, to do it, the trader must first recognize that the market environment is, in almost every way, different from the cultural environment in which he was brought up. He must then learn to alter or neutralize the very fundamental beliefs and fears that were learned long before he ever decided to become a trader.

In the workshop, traders learn mental techniques to monitor their thoughts or "states of being" to determine if they are in states that are most conducive to giving themselves money, or at least not giving their money away. They learn to identify what beliefs they are operating out of in any given moment, and determine if these beliefs are appropriate to their goal of becoming consistently successful traders. For instance, a trader must be able to perceive being wrong and losing money as conditions offering information rather than as conditions producing pain. If the trader makes an assessment that a particular belief is dysfunctional and he completely understands why it won't work, he then uses the "Plus—No More, No More" Function Command from the *H-PLUS De-Hab* tape to neutralize it.

Originally, I intended to script and use self-hypnosis tapes as the primary means to break down these dysfunctional beliefs. However, I decided against self-hypnosis in favor of Hemi-Sync for a couple of reasons. First, self-hypnosis as a system for change is somewhat passive, and, second, self-hypnosis tapes in particular are nonspecific.

Many of the beliefs that traders need to confront and neutralize to be successful are very powerful components of their identities and do not break down easily. It takes as much, if not more, energy to neutralize these beliefs as it does to maintain them. A person passively listening to a self-hypnosis tape simply doesn't generate the intensity of energy necessary to produce effective results. Furthermore, messages on self-hypnosis tapes have to be generic in nature, generally applying to everyone who might listen. Although many of the beliefs traders need to neutralize fall into general categories, each is person-specific, unique to each individual. I have found that when working with mental energy the more specific one is, the better the results. Hemi-Sync avoids both deficiencies because it provokes a very active response to a very specific issue.

Once the *H-PLUS* Function Command has been installed through listening to the tape, the trader must learn when, where, and how to use it. I provide very specific instructions for activating the Function Command consciously and appropriately. Assuming the trader has learned to recognize when he is operating out of a belief inconsistent with his goals, at the moment he realizes it he must capture whatever thought or emotion is being experienced and make it tangible. The traders are taught to do this by either stating the thoughts or emotions as beliefs, or by using some form of mental imagery to give the beliefs as much substance as possible. Once they are completely clear about what they want to release, they state the Command with as much conviction as possible—"Plus—No More, No More!" The greater the energy behind the conviction, the more pronounced a shift they will feel.

Other than the effects produced by the low-frequency binaural beat stimulation, it is the high level of participation required—mental focus, personal choice, and willingness to use the Function Command—that makes the *H-PLUS* system so effective in helping people create desired change.

Approximately one month after the workshop I send survey forms to the participants asking them to indicate on a scale from one to ten 1) their ability to identify and capture beliefs, 2) the strength of their convictions when they use the commands, and 3) the effectiveness of the Function Command in neutralizing beliefs. Results from the returned surveys indicate a very strong correlation between the participants' perceived abilities to identify exactly what beliefs

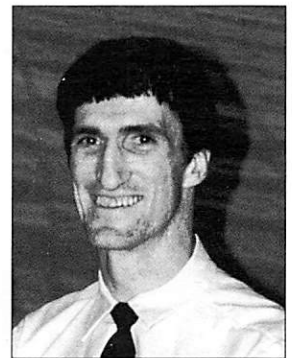
they want to neutralize, the strength of their convictions, and the effectiveness rating they assign to the Function Command.

Interestingly, most people who take the workshop have had very little exposure to information or concepts related to self-awareness or learning to change oneself through directed conscious effort. Despite this, virtually everyone's initial reaction to the *H-PLUS* tapes is overwhelmingly positive, regardless of how skeptical or uncomfortable they may have been at the first listening.

It is clear that the tapes resonate with people at a very deep and fundamental level, regardless of whether they understand the dynamics at work.



MEASURING INNER AND OUTER BEHAVIORAL EFFECTS OF HEMI-SYNC



by Stephen A. Graf, Ph.D.

Stephen Graf has specialized in applied behavior analysis with general interests in informational and educational technology and, particularly, applications of Standard Celeration Charting. A professor in the psychology department at Youngstown State University for twenty-two years, he has edited the Association for Behavioral Analysis Newsletter for the last nine.

One primary goal of The Monroe Institute since its inception has been stated succinctly: To provide "something of value." Defining that something can be an elusive process. Even when agreement exists that something of value has been provided, the quantitative aspects of that value often seem difficult or impossible to measure. I'd like to share some insights gleaned from working in the field of behavior measurement, where some of these measurement difficulties have been solved using Standard Celeration Charting. Unfortunately, resistance to new technology seems to be the general rather than the special case, regardless of the particular topic area. Much of what follows has yet to be incorporated in the very specialty that spawned it. For that reason the "Tomorrow Is Now" theme chosen for the 1992 Professional Seminar seems particularly appropriate. By gathering and sharing information from the cutting edges of various technologies, those of us using Hemi-Sync in research and practice can indeed make tomorrow today.

Something of Value

When something of value has been provided, behavior that wasn't occurring before, or wasn't occurring often or fluently enough becomes possible. In other words, behavior *changes* provide the substantiation of value. In the parlance of science, a specific condition is varied (added or subtracted) while all other conditions are controlled as the effect is measured. Hemi-Sync serves as an added condition and the user's behavior serves as the effect to be measured.

How can one determine the significance of behavior change? Traditionally, in the behavioral sciences, the approach has been to use inferential statistics. After making the assumption that no differences occurred between two or more conditions, results can be quantified to show how likely it is that differences would occur in the event that chance, alone, were operating. A multitude of statistical tests, each with its own requirements and special considerations, often produces a nightmarish quagmire into which many of us fear to venture. The good news? With appropriate measurement and appropriate charts, determining the significance of behavior change can be done using one's own eyes rather than someone else's statistical tables.

This sophisticated visual statistical technology, ideal for determining significance of behavior changes, can be used by anyone with some rudimentary training. Known as Standard Celeration Charting, it contrasts with typical social science and industry applications, where Analysis of Variance (ANOVA) and Statistical Process Control (SPC) have been promoted as the processes necessary to answer questions about behavior change.

What Is Behavior?

Behavior can be classified using several tools, one of which looks at outer and inner behavior. Outer behavior is everything we do that an ordinary observer could perceive, be it scratching one's head, typing on a keyboard, running across a field, or talking to a friend. Inner behavior involves the domain of activity within us that an ordinary observer cannot perceive. Access to inner behavior seems to be limited to the behaver and includes the person's thoughts, urges, and inner feelings. Any behavior, inner or outer, has a beginning and an ending. This key feature of behavior has been called a behavior cycle. To define a behavior, one needs to consider what constitutes the beginning and the end of that behavior.

Another useful tool is the "Dead Body Test" for determining whether or not one has appropriately defined a behavior. Since the physical body of a dead person cannot "behave," one can apply this test to any "behavior," asking, "Could a dead body do this?" If the answer is "yes," then one must redefine the behavior appropriately. For example, consider "lying on a bed" as a possible behavior. Could a dead body do it? Yes, so this phrase would be classified as non-behavior. This nonbehavior can be changed to a behavior by clarifying the cycle—the beginning and ending. The result, including the initial action of lying down, then lying on the bed, then getting up—now constitutes a cycle and a behavior. A dead body could not perform the entire cycle.

How Does One Measure Behavior?

We have found in Standard Celeration Charting that attempts to measure behavior need to be sensitive to several characteristics of measurement. Measures should preferably be *universal*, *standard*, *direct*, *counted*, and *visual*. Following are brief descriptions of these terms:

Universal. A measure that exists in any behavior can be considered universal and can be used as a compare-all within and across behaviors.

Standard. A tool that incorporates a set of standard features for measurement within and across behaviors. This tool avoids developing a different measure for every behavior under investigation, or which produces problems in compar-

ison and interpretation.

Direct. A direct measure represents original data. It can replace the use of a derived measure, such as an average or percentage, which requires creating something different and usually doesn't allow reconstruction of the original information.

Counted. If a behavior can be counted it can be represented by that count. This method contrasts with an inferred measure, such as a rating-scale response, in which an arbitrary value is assigned to a behavior.

Visual. In Standard Celeration Charting, a measure which can be visually represented is needed. Through visual pattern recognition one can see a behavior's current position and whether it increases or decreases, or improves or worsens. Such a visual representation, if chosen carefully, reflects changes in the behavior measure that correspond to changes in the behavior itself.

Frequency, Celeration, and Bounce as Behavior Measures

The three behavior measures of *frequency*, *celeration*, and *bounce* meet the above characteristics of measurement criteria.

Frequency is the number of times a behavior occurred divided by the amount of time within which the behaviors occurred. Frequency equals count over time. Examples are: count per second, count per minute, count per day, count per week, count per month, count per year, etc. ***** (Fig. 1).

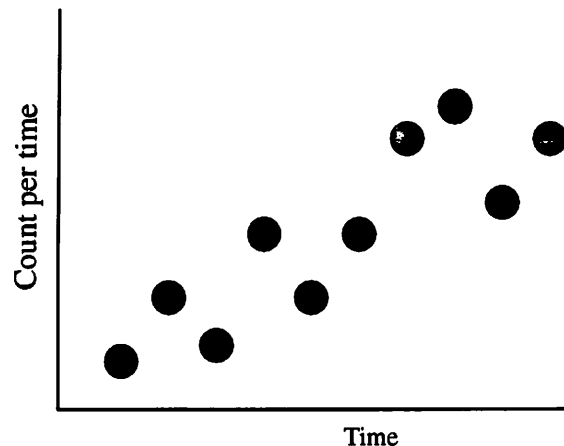


Figure 1. Frequencies

Celeration represents the trend in frequencies of behavior across time and appears as a straight, sloped line through the frequencies ***** (Fig. 2). The example shows acceleration since the slope is up from left to right.

Bounce represents the variability in behavior. With no bounce, all the frequencies would fall on the celeration line. With bounce, the celeration line has frequencies that fall above it, on it, and below it ***** (Fig. 3). The vertical distance from the celeration line to a parallel line running through the frequency farthest above the celeration line represents the up-bounce. The vertical distance from the celeration line to a parallel line running through the frequency farthest below the celeration line represents the down-bounce. The total bounce consists of the vertical distance from the up-bounce to the down-bounce line.

The Standard Celeration Chart

A tool incorporating all the behavior measures described above, the Standard Celeration Chart (SCC), was developed

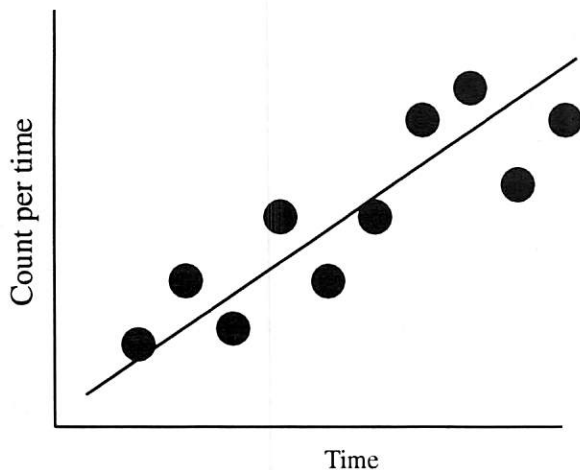


Figure 2. Celeration line through frequencies

by Ogden Lindsley at the University of Kansas around 1965. Lindsley (1992) used a slope of thirty-four degrees to represent a doubling every celeration period on all SCCs. This standard slope parallels a line from the lower left- to the upper right-hand corner of each chart. Frequencies are dots on the chart, from 1 at the bottom to 1,000,000 at the top of a multiply scale up the left. Time goes across the bottom on an add scale as seconds, minutes, days, weeks, months, or years. This produces a standard graphical system on a multiply scale.

Behavior frequencies accelerate and decelerate by straight lines on the SCC. This allows one to project the course of a behavior visually with accuracy. Also, the up-

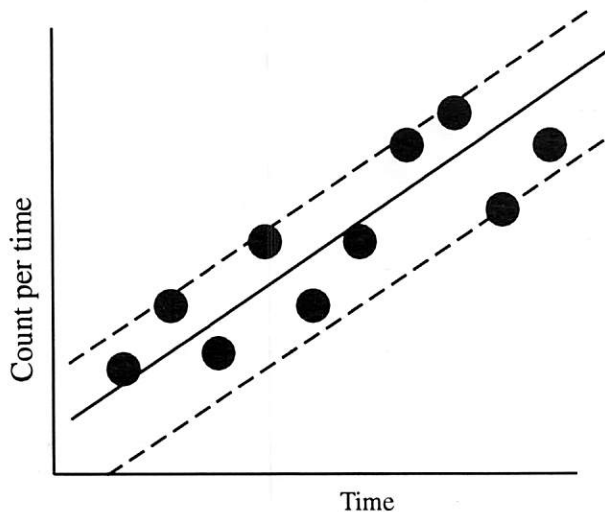


Figure 3. Bounce lines around celeration

bounce tends to equal the down-bounce and the total bounce remains the same as the frequency changes. This allows one to see the difference between abrupt frequency changes and gradual celeration changes. Thus one can visually discriminate the occurrence of abrupt Jump-ups, No-jumps, and Jump-downs, and gradual Turn-ups, No-turns, and Turn-downs. Such jumps and turns have been found to be independent and therefore occur in any combination.

Applications to Hemi-Sync Research

A brief review of past reports from the HEMI-SYNC™ JOURNAL illustrates the potential utility of application of a

standard measurement system incorporating the above features. The power of reporting effects of Hemi-Sync through SCC is that it can quantify the "something of value" which takes place across so many different behaviors and behaviors. From reduced fears of cancer patients (inner), decreased drug use in cocaine-addicted individuals (outer), positive thinking in individuals recovering from surgery (inner), and T-cell production in AIDS patients (outer), to learning new material in military training programs (outer) with less perceived stress (inner), and improving golf scores (outer) with increased feelings of confidence (inner) and fewer fear emotions (inner)—all these behaviors involve counts over time that can be charted for feedback and substantiation of behavior change (Schachter, 1992; Maliszewski, 1991; Cord, 1992; Greene, 1991; Waldkoetter, 1991; Batchelor, 1991).



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